

## Message Text

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47

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FM AMEMBASSY STOCKHOLM

TO SECSTATE WASHDC 3129

INFO AMEMBASSY COPENHAGEN

AMEMBASSY HELSINKI

AMEMBASSY OSLO

AMEMBASSY REEYKJAVIK

C O N F I D E N T I A L STOCKHOLM 4639

E.O. 11652 GDS

TAGS: PFOR, PINT, SW

SUBJECT: SWEDISH POLITICS -- MORE OF THE SAME

REF: A)STOCKHOLM 2237; B) STOCKHOLM 4618

1. SUMMARY: THE SWEDISH RIKSDAG'S FALL SESSION IS NOT EXPECTED TO BRING FORTH ANY POLITICAL SURPRISES. PALME'S DIVIDE-AND-CONQUER TACTICS SHOULD ENABLE HIM TO CONTINUE WITH THE INITIATIVE, THOUGH THE OPPOSITION MAY BE ABLE TO UNIFY ON ISSUES SUCH AS HOUSING. PALME'S PATH WILL BE EASIER IF, AS EXPECTED, HE CAN CONTINUE THE COOPERATION WITH THE LIBERALS, BUT THIS COOPERATION IS UNDERGOING STRAIN. NOMINAL "OPPOSITION LEADER" FALLDIN CONTINUES TO DISPLAY FALTERING LEADERSHIP. THE SESSION IS NOT EXPECTED TO RAISE ANY SIGNIFICANT FOREIGN POLICY ISSUES. END SUMMARY.

2. THE FALL SESSION OF SWEDISH RIKSDAG (PARLIAMENT) OPENS OCTOBER 16, AND WE SEE LITTLE CHANGE FROM SPRING SESSION IN PROSPECT. WITH THE SWEDISH RIKSDAG EVENLY DIVIDED BETWEEN SOCIAL DEMOCRATS AND COMMUNISTS ON ONE SIDE AND LIBERAL/CENTER/MODERATE (BOURGEOIS) ON THE OTHER, THE CONSERVATIVE MODERATE PARTY IS  
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HOPEFULLY PREDICTING SOME 60 TIE VOTES WHICH WILL REQUIRE DRAWING

LOTS. THERE MAY BE SOME TIE VOTES ON MINOR ISSUES, BUT WE SEE NO REASON TO EXPECT THAT PRIME MINISTER PALME WILL BE UNABLE TO CARRY ON HIS MASTERFUL "DIVIDE AND CONQUER" TACTICS SO ABLY DEMONSTRATED IN LAST SESSION, ESPECIALLY SINCE THE SO-CALLED "BOURGEOIS OPPOSITION" IS LESS UNITED THAN IT HAS BEEN FOR THE LAST TWO YEARS.

3. THE LATEST OPINION POLLS INDICATE VIRTUALLY NO CHANGE IN THE SWEDISH ELECTORATE SINCE THE LAST POLLS IN JUNE (NO POLLING IS DONE DURING THE SUMMER). ACCORDING TO THE RESPECTED SIFO POLL, THE SOCIAL DEMOCRATS REMAIN AT 44 PERCENT, THE COMMUNISTS ARE UP HALF-A-PERCENT TO 5.5 PERCENT, AND THE CENTER (24.5 PERCENT) GAINED 1.5 PERCENT APPARENTLY AT THE EXPENSE OF THE MODERATES (15.5 PERCENT), WHO LOST 1.5 PERCENT. THE LIBERALS STAYED THE SAME AT 8 PERCENT, DEMONSTRATING THAT AT LEAST FOR THE TIME BEING THEY HAVE STOPPED THEIR SLIDE TOWARD OBLIVION. THE POLLS THUS SUGGESTS THAT, IF AN ELECTION WERE HELD TODAY, IT WOULD BE A RE-RUN OF THE SEPTEMBER 1973 ELECTION DEADLOCK AND WOULD END UP EITHER IN A DRAW OR A ONE-SEAT MAJORITY FOR EITHER BLOC.

4. THE VARIOUS PARTIES WILL ANNOUNCE THEIR LEGISLATIVE PROGRAMS IN NEXT WEEK'S GENERAL DEBATE, BUT IT IS ALREADY APPARENT THAT THE SOCIAL DEMOCRATIC GOVERNMENT IS NOT GOING TO LAUNCH ANY BRAVE NEW WORLDS IN THIS SESSION. THEIR PROPOSALS WILL MERELY BE FINE-TUNING OF THE SYSTEM WHICH THEY HAVE SET UP OVER THE LAST 42 YEARS AND WHICH, IN THEIR VIEW, IS WORKING WELL INDEED. THE TWO BIG "ISSUES" THIS SESSION WILL BE TAX REFORM (REF B) AND HOUSING POLICY. IT IS JUST BARELY POSSIBLE THAT THE OPPOSITION WILL BE ABLE TO UNITE ON THE HOUSING DEBATE AS THE GOVERNMENT'S HOUSING POLICY IS GENERALLY UNPOPULAR. THE SOCIAL DEMOCRATS WISH TO ARREST THE TREND TOWARD PRIVATE, INDIVIDUAL HOUSES AND GET THE PEOPLE TO MOVE INTO THE GREAT APARTMENT BLOCS FOR THE SAKE OF SOLIDARITY. THUS, FINANCE MINISTER STRANG HAS ALREADY ANNOUNCED THAT HE WILL PROPOSE TOUGHER REGULATIONS ON FINANCING OF INDIVIDUAL HOUSES AND ELEVATE THE RENT-SUBSIDIES FOR APARTMENT DWELLERS. THE GOVERNMENT MAY HAVE TO COMPROMISE ON THIS ISSUE, HOWEVER, AS IT TESTS THE WIND OF VOTER SENTIMENT.

5. THE MOST INTERESTING ASPECT OF THE FALL SESSION WILL BE THE  
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ROLE OF THE LIBERAL PARTY. TOWARD THE END OF THE LAST SESSION LIBERAL LEADER HELEN DECIDED ON A DESPERATE GAMBLE TO ARREST HIS PARTY'S DECLINE AND ANNOUNCED HE WOULD COOPERATE WITH THE SOCIAL DEMOCRATS (SEE REFTL) GIVING PALME A MAJORITY (WITHOUT HAVING TO RELY ON THE COMMUNISTS, ALWAYS EMBARRASSING). THE RELATIONSHIP HAS BEEN FAR FROM SMOOTH, WITH PALME RECEIVING HEAVY CRITICISM FROM THE LABOR FEDERATION (LO) AND HELEN FACING DISSENSION FROM THE CONSERVATIVE LIBERALS. HOWEVER, HELEN

CAN POINT TO THE POLLS FOR SOME SLIGHT COMFORT--THE DISASTROUS LIBERAL SLIDE HAS STOPPED SINCE ANNOUNCEMENT OF THE "PARTNER-SHIP," AND HELEN IS ON RECORD THAT HE WILL CONTINUE THE ARRANGEMENT, THOUGH NEITHER SIDE HAS MADE ANY IRONCLAD COMMITMENT AND THE CENTER PARTY LEADER FALLDIN IS TRYING TO WOO THE LIBERALS BACK INTO THE BOURGEOIS FOLD.

6.FALLDIN, WHO CAME WITHIN A FEW VOTES OF BECOMING SWEDISH PRIME MINISTER IN THE 1973 ELECTIONS, HAS BECOME ALMOST THE INVISIBLE MAN. HE IS SELDOM SEEN ON TV OR IN THE PRESS AND PROJECTS AN IMAGE OF FALTERING LEADERSHIP AT BEST. A POLL PUBLISHED THIS WEEK, FOR INSTANCE, SHOWS THAT SWEDISH BUSINESSMEN HAVE LOST SUCH CONFIDENCE IN FALLDIN THAT ONLY 7 PERCENT WOULD REALLY HAVE CONFIDENCE IN HIM NOW, AS OPPOSED TO 50 PERCENT TWO YEARS AGO. HOWEVER, IT IS TOO EARLY YET TO COUNT OUT FALLDIN AS THE FUTURE LEADER OF SWEDEN.

7 THE FALL SESSION WILL HAVE FEW ITEMS OF INTEREST IN FOREIGN POLICY. THE MODERATES ARE EXPECTED TO HAMMER AWAY AT THE GOVERNMENT'S AID POLICY, PARTICULARLY THE MASSIVE ECONOMIC ASSISTANCE TO NORTH VIETNAM, BUT THERE IS ONLY LIMITED PUBLIC INTEREST IN THIS ISSUE. THE ONLY REAL FOREIGN POLICY DEBATE, AND THIS WILL NOT BE PUBLIC, WILL TAKE PLACE WITHIN THE SOCIAL DEMOCRATIC PARTY, WHERE THE LEFT WING AND YOUTH WILL MAKE A MAJOR EFFORT TO SWING FOREIGN MINISTER ANDERSSON'S ESSENTIALLY MODERATE POLICY INTO MORE RADICAL DIRECTIONS, SUCH AS RECOGNITION OF THE PRG.  
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